

Federal Fiscal Team Newsletter – December 2005 Edition

Information about changing audit & fiscal issues related to grants

Please share copies with co-workers to keep them informed.

To: Superintendents, Business Managers, Program Managers, Directors

CC: Auditors, State Auditor of Accounts

Tenth Anniversary Edition! It is hard to believe this newsletter was started ten years ago. During that time we have used this newspaper to inform you of important fiscal changes by federal agencies, new issues arising as the result of audit findings in other parts of the state and changes in either state law or department regulations. Thank you for your insight and responses, together we have been able to help others to improve their approach to fiscal issues.



Opportunity for Improvement – Please consider your audit as an opportunity for improvement. Problems do arise, but catching and correcting them is not always easy. The audit firm is providing a fresh set of eyes and a professional review of your organization. If they find very little wrong that is an indication your system is working and just needs minor tinkering to keep it running smoothly. If problems are found the auditor includes a recommendation how to address the situation. It is almost like a regular service of your car to keep it running smoothly, an opportunity for your office to make the improvements to your system to keep a problem from festering to the point that it becomes a major problem. If you need additional help to address the problem or with a concern about an issue, contact our federal fiscal services team. We want to help you find the answer as it may help us to help others in a similar situation.

Audit findings not identified as required and needed. OMB Circular A-133 § 510 Audit findings (b) (1) requires audit findings to be presented in sufficient detail including CFDA number, federal agency and pass through agency's name and numbers. If an audit contains a finding related to funds advanced by another state department, our office needs that information to inform the appropriate state department of the finding as required by VT Agency of Administration Bulletin # 5. The funds could be a direct grant from a federal agency, a grant from another funding source, or from one or more state agencies making it difficult for the primary state agency to determine who should be notified.

Corrective Action Plans incomplete or missing.

Some audits received do not include a corrective action plan or the plan submitted doesn't meet OMB requirements. Any state agency that passes through funds to sub-grantees is required by OMB Circular A-133§ 400(d)(5) to review findings reported in audits to ensure their sub-recipient has taken appropriate and timely corrective action to address the problems.

§315 (c) of the same circular requires the auditee(sub-recipient) to prepare a corrective action plan stating the corrective action planned, person(s) responsible and anticipated date of completion.

§320(e) & (f) requires the reporting package to be submitted to this department if requested. (c) of the same paragraph states the reporting package shall include the corrective action plan. Audits can not be closed until the findings are resolved.

Management letter Issues. §320(f) The management letter is a part of the audit package that must be submitted to this department. All letters from this department include a request for the management letter. Very few entities will have an audit where absolutely no issues are found. There are always a few issues that need improvement.

The issues reported in the management letter do not reach a level of materiality in the audit firm's opinion to be considered a reportable condition. Issues in a management letter need to be addressed by management to determine what action is necessary to ensure the issues don't increase to the level of a reportable condition.

If you have a concern it is easier to address the concern immediately. Please call us if you have questions.

I will be gone to take care of my mother and give my caregiver sister a highly deserved break for the next three weeks. Thank you for all your help during the past year and from all of us we hope you have a safe and enjoyable holiday. ☺

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Your comments are welcomed.